

## Message Text

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ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 DODE-00 NSC-05 NSCE-00 IO-03

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FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 4150

C O N F I D E N T I A L SANTIAGO 5223

LIMDIS

E. O. 11562: GDS

TAGS: EAID, CI

SUBJECT: CHILE -- USE OF PRIOR YEAR FMS CREDIT

DEPT PASS DOD

REFS: SANTIAGO 4600; STATE 171591

1. SUMMARY: PINOCHET EXPRESSES APPRECIATION FOR WORD THAT CHILE'S PRIOR YEAR FMS CREDITS MAY BE USED FOR CERTAIN LIMITED PURPOSES. REITERATES HIS VIEW US LOSING GROUND TO COMMUNISTS AND OUGHT TO CULTIVATE CHILE AS A TRUE FRIEND. END SUMMARY.

2. AT MY REQUEST, MEETING TOOK PLACE JULY 28 BETWEEN PRESIDENT PINOCHET IN HIS CAPACITY AS ARMY C-IN-C, DEFENSE MINISTER GEN. BRADY, AND GENERALS ALVAREZ AND ARELLANO ON CHILEAN SIDE, AND MYSELF ACCOMPANIED BY MILGP COMMANDER COL. GEORGE AND ARMA COL. CUMMINGS.

3. I TOLD PRESIDENT THAT, AS I HAD PROMISED, I HAD BROUGHT BACK FROM WASHINGTON AN ANSWER TO HIS JUNE 30 QUESTION AS TO PRECISELY WHAT CHILE COULD OR COULD NOT DO WITH ITS REMAINING 1971-74 FMS MILITARY CREDITS. I SAID I HAD ASCERTAINED THAT CREDITS COULD NOT BE USED FOR CONSUMABLES, OR FOR ITEMS NOT COMMERCIALY AVAILABLE. CITED OTHER ITEMS ON GOC ARMY LIST WHICH COULD IN ALL PROBABILITY BE MADE AVAILABLE COMMERCIALY (AS  
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IN STATE 174230), AND NOTED THAT NAVAL BOILERS COULD ALSO BE

BOUGHT WITH THESE FUNDS. SAID THAT MILGP IN SANTIAGO WAS PREPARED TO CONCERT WITH CHILEAN MILITARY AS TO FURTHER DETAILS, AND THAT CHILEAN MILITARY MISSION IN WASHINGTON COULD THEN NEGOTIATE ACTUAL COMMERCIAL TRANSACTIONS. LEFT INFORMAL MEMORANDUM WITH PRESIDENT (COPY POUCHED).

4. PRESIDENT EXPRESSED APPRECIATION FOR INFORMATION. SIAD CHILEAN AUTHORITIES WOULD GET TO WORK AN MATTER AT ONCE.

5. AS DISCUSSION CONTINUED, I TOLD PRESIDENT I WAS AWARE THAT MANY OTHER, LARGER PROBLEMS CONCERNING CHILEAN ARMS REMAIN IN SUSPENSE IN WASHINGTON, BECAUSE OF EARLIER LEGAL AND OTHER OBSTACLES TO PROGRESS. I HOPED THESE COULD BE SATISFACTORILY SETTLED, BUT AS HE KNEW, THERE WERE CONTINUING DIFFICULTIES IN US.

6. PINOCHET SAID THAT HE WOULD LIKE TO SPEAK FRANKLY ABOUT HOW OUR RELATIONS LOOKED TO HIM. CHILE WAS A TRUE FRIEND OF THE UNITED STATES, AND HE HOPED I WOULD REASSURE PRESIDENT FORD AS TO THIS FRIENDSHIP. CHILE HAD PROVED ITS FRIENDSHIP IN COMPENSATING EXPROPRIATED US COPPER COMPANIES AND IN OTHER WAYS. IT SADDENED HIM TO SEE US LOSING GROUND EVERYWHERE IN FACE OF COMMUNIST-DEIECTED DEVELOPMENTS. HE THOUGHT SITUATION WAS DETERIORATING FOR US IN KOREA, IN TURKEY AND IN PROTUGAL. TRUE FRIENDS WERE SCARCE IN SUCH SITUATIONS, AND SOMETIMES ACTIONS TAKEN IN NAME OF DEMOCRACY ACTUALLY TURNED OUT TO BE NOTHING BUT COVER FOR COMMUNIST MANEUVERS.

7. I REPLIED THAT US, LIKE OTHER COUNTRIES, HAD ITS DIFFICULTIES IN INTERNATIONAL RELATIONS, BUT I THOUGHT EACH OF THE CASES HE HAD MENTIONED WAS DISTINCT AND HAD TO STAND ON ITS OWN FEET. I HAD NO DOUBT MYSELF THAT IN LONG RUN US WOULD BE ABLE TO DEFEND ITS INTERESTS ABROAD. AS FOR CHILE, THERE WAS STRONG DISPOSITION IN MAY QUARTERS TO MAINTAIN CLOSEST RELATIONSHIPS, BUT MATCHING HIS OWN FRANKNESS I HAD TO REPORT TO HIM THAT I HAD BEEN STRUCK DURING MY RECENT VISIT TO US BY CONTINUING ANTIPATHY TO CHILE IN US CONGRESS AND PRESS. THIS HAD BEEN INTENSIFIED BY RECENT CHILEAN ACTION BARRING UNHRC WORKING GROUP, WHICH HAD BEEN PROMINENTLY BROUGHT UP BY MONY OF MY CONTACTS IN WASHINGTON.

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8. PINOCHET SAID HE WOULD DO A GREAT DEAL TO PRESERVE US FRIENDSHIP, BUT THAT CHILE'S DECISION HAD BEEN TAKEN IN EXERCISE OF ITS SOVEREIGNTY FOR WHAT IT THOUGHT WERE GOOD AND SUFFICIENT REASONS. HE THOUGHT CONDUCT OF THE WORKING GROUP HAD BEEN REPREHENSIBLE, JUST AS THE BEHAVIOR OF LUIS REQUE, SECRETARY OF THE INTER-AMERICAN HUMAN RIGHTS COMMISSION, IN PREMATURELY DISSEMINATING THE OAS COMMISSION'S REPORT HAD BEEN SCANDALOUS.

9. I ASSURED PRESIDENT THAT I RESPECTED COMPLETELY HIS CONCERN FOR CHILE'S SOVEREIGNTY, AND THAT WE HAD NO INTENTION OF INFRINGING IT. I WAS MERELY REPORTING TO HIM WHAT THE SITUATION WAS IN WASHINGTON. HE APPEARED TO TAKE THE POINT. MEETING THROUGHOUT WAS FRIENDLY.

10. COMMENT: IN ITS OWN, LIMITED TERMS, OUR ABILITY TO CONFIRM AVAILABILITY OF PRIOR YEAR FMS CREDITS WILL I BELIEVE HELP US TO MAINTAIN SOME MINIMAL DEGREE OF LEVERAGE WITH CHILEANS. MUCH MORE IMPORTANT, OF COURSE, WILL BE USG DECISION ON ITEMS COVERED IN MEMORANDUM ON ARMAMENTS PREPARED AS RESULT OF MY MEETING WITH SECRETARY AND USSISTANT SECRETARY ROGERS ON JULY 18. WOULD APPRECIATE AN EARLY INDICATION AS TO WHAT PROGRESS HAS BEEN MADE ON THIS MEMORANDUM.

11. SUGGEST DEPT INFORM GEN. MOREL, CHIEF OF CHILEAN MILITARY MISSION, OF WAY IN WHICH PRIOR YEAR FMS CREDITS MAY BE USED.  
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## Message Attributes

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